United States Department of Homeland Security
Transportation Security Administration

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Committee on Homeland Security
Subcommittee on Economic Security, Infrastructure Protection, and Cybersecurity
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Good afternoon Chairman Lungren, Ranking Member Sanchez, and distinguished Members of the Subcommittee. Thank you for the opportunity to appear before the Subcommittee to discuss the President's budget request for the Transportation Security Administration (TSA) for fiscal year (FY) 2007.

The President's Budget reflects the strong commitment of President Bush, Secretary Chertoff, and TSA to the continued security of our Nation's transportation systems. It recognizes the need for sustained investment in transportation security, as well as the imperative to manage and deploy our human and capital resources based on the principles of risk, flexibility, and preparedness.

In particular, the President's budget requests:

- $2.9 billion to maintain and leverage the skills of an agile TSA aviation screening workforce, by enhancing explosives detection and other critical skills, improving retention rates, and reducing injuries.

- $865 million to fund the acquisition, replenishment, installation, enhancement and maintenance of passenger and baggage screening systems.

- $699 million to support the sustained strategic deployment of a well-trained Federal Air Marshal Service to detect, deter, and defeat terrorist or criminal acts.

- $131 million for credentialing and vetting programs, including $40 million for implementation of a new passenger pre-screening process.

- $37 million to enhance TSA's capability to respond to threats and events in the rail, transit, trucking, and maritime transportation sectors, and provide information and support to local government and private sector companies who share responsibility for security in these sectors.

In total, we request an FY 2007 budget of $6.3 billion, reflecting a modest $137.9 million increase (2%) over the enacted FY 2006 budget.

As directed in our Appropriations Acts and consistent with the analysis of the Government Accountability Office, we have initiated collection of increased levels in the air carrier fee. We have estimated a collection level of $448 million in FY 2007 and also anticipate receiving then $196 million of retroactive collections.

Risk Management

Secretary Chertoff has refocused the resources and activities of the Department of Homeland Security on the greatest security risks. As we implement this standard in TSA, we are prioritizing our actions to address threats and vulnerabilities that will have the most serious consequences, particularly in terms of lives lost, serious impacts on our transportation networks, and economic disruption. We have already begun to make operational and organizational changes at TSA that support Secretary Chertoff's risk-based strategy.

You have seen evidence of this shift in priorities in the recent changes to TSA's airport security screening protocols. These changes were based on a systematic review of the full range of measures we now employ to mitigate the risk of a terrorist attack on or using an aircraft, as well as the additional measures now available to us, including new technologies. Our analysis considered a variety of potential changes, including changes to the prohibited items list and screening procedures at TSA checkpoints, improved training in explosives detection, and the deployment of additional explosives detection equipment. The changes we adopted reflect the new and evolving threat environment, as well as what has already been done in the aviation sector to narrow our vulnerabilities.

Our FY 2007 budget request is consistent with this risk-based focus. Of particular note, TSA seeks a total of $865 million, to purchase and deploy new screening technology and maintain current equipment. This request is consistent with TSA's baggage and checkpoint screening strategic plans. The request includes an increase of $34 million for explosive detection systems maintenance, and an increase of $8.4 million to deploy and maintain additional equipment at checkpoints, such as whole body imaging systems, automated explosives spot samplers, and cast and prosthesis scanners.

Like other TSA security programs, our cargo security strategy relies on security threat assessments and a variety of random screening techniques, including the use of screening technology, canine explosive detection teams, and physical examination of cargo. Randomness contributes to increased security by making it more difficult for potential terrorists to plan and carry out attacks.

Each year, an estimated 23 billion pounds of cargo is shipped by air within the United States. About one-quarter of this cargo is carried on passenger aircraft; three-quarters is transported on all-cargo planes. All cargo carried on a passenger plane has been shipped and handled only by companies that have security programs meeting TSA requirements and that are subject to TSA security inspections. Packages that are hand-delivered to airline ticket counters for shipment are subject to TSA screening at approximately 250 airports and to TSA-approved airline screening procedures at all other airports. In addition, more than 350 canine explosives

detection teams work at 85 airports nationwide conducting random screening of cargo and surveillance of cargo facilities. Any cargo to be carried on all-cargo planes that could conceivably contain a stowaway hi-jacker is subject to random screening and physical examination by the air carrier. In addition, in order to further mitigate the threat of a hi-jacking, TSA does not permit additional passengers to ride on all-cargo planes. For FY 2007, $55 million is requested for TSA's air cargo security program to support 300 air cargo security inspectors, the Known Shipper Program, and the Freight Assessment Program.

Flexibility and Unpredictability

All of the changes we instituted last fall – in our explosives detection capability, TSA screening protocols, and the prohibited items list – are important to maintaining and improving the viability of our aviation security processes. TSA must be able to adapt quickly to changes in terrorist tactics, deploy our resources effectively based on risk, and use unpredictability as a means to disrupt terrorist plots. The flexibility to make changes quickly is vital to our mission. We must retain the ability to move away from measures that are no longer needed and to move decisively when changes are required.

Agility, flexibility, and unpredictability are important security concepts that must be applied throughout the transportation network, in every mode. In London, Madrid, and elsewhere, terrorists have demonstrated their ability to carefully plan attacks and to adapt their plans in order to take advantage of and defeat even sophisticated security systems. In the aviation arena, this led us to institute additional random checkpoint screening in conjunction with the changes I discussed earlier. It has also led us to expand our testing of behavior observation techniques to identify behaviors indicative of stress, fear and/or deception in order to focus appropriate resources on determining whether an individual presents a higher risk.

In other sectors, such as transit and rail, where local governments and law enforcement agencies and private sector operators and providers have primary responsibility for security, TSA is working to develop and implement risk-based strategies to support and supplement these efforts. One important component of our strategy is creating the capability to quickly deploy TSA security assets in a variety of transportation modes – both in response to threats and as part of our effort to insert additional elements of unpredictability into our security protocols.

In December, TSA launched a pilot test of our "surge" capabilities in several cities over the holiday season. TSA security and law enforcement teams, including canine teams, were sent to these communities to augment and support local law enforcement and security in a variety of transportation modes – transit, rail, and intercity bus systems. Our goal was to test our ability to move quickly enough to make a difference under threat conditions. And not surprisingly, we learned a lot.

First and foremost, we learned that we need to improve on-going communication links and information sharing through drills. We must be ready to move when and if the need arises. So we will be working with high risk communities to acquire a knowledge base about their transportation systems and develop operational relationships and communications capabilities.

We will continue to disrupt terrorist planning efforts and to ensure that TSA is value-added to communities in a variety of transportation modes, particularly under elevated threat conditions.

We do not, of course, rely solely on surge teams to support surface transportation security programs. The President's FY 2007 budget requests a total of $37 million to conduct vulnerability assessments and corporate security reviews, develop and deliver security training programs, conduct compliance inspections, sponsor and participate in security exercises, and serve as an information center for stakeholders in every transportation mode.

Getting Ahead of Terrorists

Although many of TSA's most visible programs, like aviation checkpoint screening, are intended to physically prevent terrorists from carrying out a planned attack, the reality is that much of what TSA does is focused on stopping terrorists before they launch an attack.

Information, analyzed and shared, is the heart of this defense. That is why we are working to make TSA an information resource to support our partners and stakeholders in transportation security. Our goal is to make sure that our government and private sector partners have timely information and communications from us, so that we all can be as effective as possible – not only to respond to terrorism, but to prevent it, as well.

As you know, TSA also operates a robust intelligence office that analyzes and disseminates information about threats to transportation security, serves as a liaison to the Intelligence Community and intelligence components of law enforcement agencies, and supports TSA's ability to account for and properly manage sensitive and controlled documents and information. The information and analysis developed by this office forms the core of our threat analysis function and supports our agency-wide effort to allocate resources and conduct operations based on an assessment of risk.

In FY 2007, the President's Budget requests $527 million for Transportation Security Support, including $21 million for Intelligence, $296 million for headquarters administration, and $210 million for Information Technology Core Support activities.

Closely linked to our intelligence and information sharing effort are TSA's vetting and credentialing functions, some of which are already in place and some of which are still under development. These programs include the Crew Vetting Program, the Alien Flight Student Program, the Transportation Worker Identification Credential Program, the Secure Flight Program, and Registered Traveler. Each of these programs builds upon the work of the law enforcement and intelligence agencies that provide the information necessary to prescreen passengers and transportation workers, and each program is built upon the premise that our strongest defense against terrorism is to detect terrorists before an attempt to attack. TSA proposes an overall funding level of $130.8 million for these programs, of which $ 76.1 million would come from fee revenue.

TSA Workforce Management

Based on the level of support required in FY 2006 and requested in FY 2007, we have adjusted the allocation of our Transportation Security Officers (TSO) to 43,000 FTE. In addition, by restructuring and refocusing our activities based on risk and maximizing the use of our personnel resources, we have reduced headquarters staffing by 164 positions, largely through attrition. However, our FY 2007 request includes $7.5 million for 30 additional FTE to improve TSA's acquisition function. Much of the work of TSA is accomplished through contracts, particularly the purchase and deployment of new technologies. This additional staffing will help TSA strengthen its procurement processes and controls as well as enhance the program management function throughout the agency.

We recognize that simply managing to a budget is not sufficient; we must also improve our effectiveness and address the underlying issues that drive our workforce costs, including hiring practices that do not meet our current requirements, high employee turnover rates, and unnecessarily high on-the-job injury rates.

As you know, when TSA was created in 2002, a centralized hiring and human resources infrastructure was created to support the rapid stand-up of the Federalized screening workforce. Now that the agency is in an attrition-based hiring mode, that centralized model is no longer cost-effective. We have begun, therefore, to develop a local hiring and training system in order to achieve efficiencies and better meet our current and expected hiring requirements. These requirements include an increase in the proportion of our screening workforce that is part-time, to better match the daily peak-load workflow at airports.

In addition, we recognize that high employee turnover rates drive up hiring and training costs. Yet our screening workforce has few upward mobility opportunities within their profession, and we have not fully utilized performance incentives. In order to encourage top performance, we are deploying a pay-for-performance system and have requested an additional $10 million in FY 2007 to support pilot programs to improve recruitment and retention.

TSA has also taken steps to reduce TSO injury rates, which are a significant drain on the screening workforce. Based on the recommendations of our Screener Injury Task Force, we are implementing a nurse case management program TSA-wide to assist TSOs in getting the medical attention they need to return to work as soon as possible, and we are sending teams of industrial engineers to evaluate the 25 airports with the worst injury rates and make recommendations for improvements, including simple configuration changes and small equipment purchases (like roller tables and mats) that could have significant impacts on injury rates. Nevertheless, because the workers' compensation payments are invoiced in arrears, we are requesting an additional $20 million to support the prior year obligations owed to the Department of Labor.

Aviation Security User Fees

Finally, I want to briefly discuss the Administration's proposal to restructure the Aviation Security User Fee. As you know, aviation passengers currently pay an aviation security user fee of $2.50 per enplanement, with a maximum of $5.00 per one-way trip. This fee has not

increased since it was originally imposed in early 2002, following the 9/11 terrorist attacks. Our proposal aligns the collection of the fee with the point at which the screening is done – upon entry into the aviation system. We propose a change in the aviation security fee structure to collect a flat fee of $5.00 per one-way trip. This will have the effect of equalizing the amount that travelers between major cities and travelers who must take connecting flights pay on a round-trip basis. Restructuring the fee will also generate an additional $1.3 billion in revenue, and bring the percentage of aviation security expenses covered by passenger user fees to approximately 72 percent. Currently, user fees cover only 42 percent of the costs of aviation security.

Closing

Mr. Chairman, thank you again for this opportunity to discuss TSA's budget request and the steps we are taking to improve transportation security and the efficiency of our operations. I look forward to our continued work together and would be pleased to respond to questions.